

## Canadian Railway Rates are Increased 15 per cent

Ottawa, March 14.

The judgment of the Railway Board, granting the railways an increase of approximately 15 per cent in freight and passenger rates, goes into effect at midnight. This is the decision of the Cabinet Council, which heard the appeal of the western provincial governments, the Winnipeg Board of Trade and other public bodies, against the judgment.

The judgment is modified, however, by the provision that the new rates, instead of being permanent shall cease to be effective one year after the declaration of peace, following the present war.

It was contended by those who appealed against the judgment that it would result in largely increased earnings for the C.P.R., which is a prosperous concern. To meet this objection, an order-in-council has been passed providing for taxation of the profits of the C.P.R., so that the public treasury will reap some benefit from the operation of the increased schedules.

When the appeal was taken against the judgment, a hearing was held at Ottawa. This was adjourned until March 1st, on the understanding that the increased rates would not go into effect until March 15th, and that the matter would meanwhile be considered. This time limit has now expired, and the rates will be in force on Friday.

### SPECIAL TAXATION.

The order-in-council providing for special taxation of the C.P.R., declares that the company shall pay:

1. One-half of its net earnings from railway operation in excess of seven per cent on its common stock (after paying fixed charges, appropriation for pension fund, and dividends on preferred stock).
2. Income tax on the company's special income (inclusive of all the company's income, except earnings from railway operations) under the provisions of the Income War Tax Act, 1917, or any amendment thereof hereafter enacted.

Provided that the total amount to be paid each year by the company shall not be less than:

1. The company's net earnings in such year from railway operations, and from special income, as defined above, in excess of ten per cent on its common stock (after paying fixed charges, appropriation for pension fund, and dividends on preferred stock), up to seven million dollars, or,
2. The amount by which its net earnings from railway operations exceed the net earnings from railway operations for the fiscal year ended December 31st, 1917, due to the increase in freight and passenger rates granted by the order of the Board of Railway Commissioners, dated 26th December, 1917.

### SPECIAL TAXATION IN EFFECT.

The Governor-General-in-Council may make such regulations to provide for the full and effective carrying out of the provisions of these orders, and for the collection, periodically, of the taxes here imposed as to the Governor-General-in-Council may seem fit.

Payment in full of special taxes under this order shall, in respect of earnings from and after January 1st, 1918, relieve the company of liability under the Business Profits War Tax, 1916, and any other Dominion Act of like nature hereafter enacted, and (save as hereinbefore provided) under the Income War Tax Act, 1917.

This order shall be deemed to have come into force and effect on the first day of January, 1918, and to continue in force and effect during the present war and until further ordered.

### GOVERNMENT'S STATEMENT.

Ottawa, March 14.

An official statement was given out to-night in explanation of the decisions reached to-day by the Government on the question of railway rates. The statement reads:

"After a lengthy review at a full Cabinet meeting, which was held this afternoon, the Government's policy in relation to the recent order of the Railway Commission, granting an increase in railway rates, was finally determined upon and two orders-in-council were passed. Insofar as the existing problem is a question of rates, and their inadequacy under present conditions respecting the cost of materials and labor, the Government reached the decision that the order of the commission should stand. It was felt that as the Board of Railway Commissioners was a judicial body, and as it had heard all the evidence at first-hand, there were not sufficient grounds shown for reversing its findings in this regard. The Government, however, realized that the circumstances upon which the board based its al-

lowance of the increased rates were of a nature temporary, and the outgrowth of war conditions, and as a consequence the order of the commission has been amended so as to provide that it shall go out of operation one year after the declaration of peace. The order was amended in this respect with a view to guarding against what might be regarded as a permanent increase in existing rates. It was felt that no action should be taken now that would create such conditions as would be difficult to adjust or disturb when normal times return. Besides the question of date is so closely interwoven with the whole railway problem that it was deemed prudent to provide merely a temporary relief instead of attempting to make any decision respecting the larger problem involved. The order, as amended, goes therefore into effect to-morrow, March 15.

"The argument most relied on by the petitioners against the decision of the Railway Commissioners was to the effect that the Canadian Pacific Railway Company by reason of their strong financial conditions were able to continue their transportation service to the public even under existing conditions without an increase in rates. It was further contended that, if an increase were to be allowed, it would result in largely enhanced revenues for the company, for which there was no immediate need. The Government recognized the force of the argument and by a special order-in-council, under the War Measures Act, has provided that all increased net revenue to the Canadian Pacific from and after January 1, 1918, over the revenue of 1917, that arises by reason of the increase in rates, shall be paid by the company in the form of taxation to the Dominion Government. It has further been provided that the taxes to be paid by the Canadian Pacific shall be levied on the basis of fifty per cent of all net earnings on their transportation system over and above the amount required to pay seven per cent dividend on their common stock alone. All the earnings of the company from special income must pay taxes under the Income War Tax Act, 1917, or any amendment that may be made thereto. One most important stipulation is added that the special taxes to be paid by the Canadian Pacific under this order-sufficient is left to pay the usual dividend of 10 per cent which the company has paid for some years on its common stock.

"Every precaution will be taken to secure the full and effective enforcement of the taxes imposed and to guard against evasion in any degree. The tremendous obligations which the Dominion Treasury has already assumed and must in an increasing degree continue to assume are such that it is felt the taxation measure, accompanied by a reasonable increase in rates on roads wholly or partially dependent upon the public treasury for the sustaining of their service, is fully warranted. The existing railway problems of Canada are so huge and so complex that no permanent solution should be attempted without further study. The Government, in passing the two orders-in-council referred to, has endeavored to provide a reasonable measure of relief for a most difficult situation."

### RAILROAD EFFICIENCY.

The president of one of the big eastern railroads last year started an efficiency campaign on his system. He figured out a plan of bonuses and promotions for the men who had shown capability and promptness and energy in the discharge of their duties. To him was brought the name of one employee who, in twenty-two years of service, had never been late, had never missed a day from his duties and had never been reprimanded for inattention. Highly pleased, the president sent for the model to come to headquarters to be questioned, complimented and finally rewarded.

Next day the paragon was shown into the chief's office. He proved to be a shaggy-headed-middle-aged individual in rough clothing.

"I've heard splendid things about your record," said the great man. "Now, tell me, just what are your duties?"

"Well, sir," stated the visitor, "it's my job to stay on the platform out here at Holidayville, and every time a train pulls into the station I walk down along her and rap on all the wheels with a hammer. I've been doing that stiddy ever since I went to work for the road."

"In the name of heaven, what do you do that for?" demanded the astonished president.

The efficient one scratched his head.

"Boss," he answered truthfully, "I'm dam' ef I know!"

## 100,000 TONS DUTCH SHIPPING.

Washington, March 14.

A million tons of Dutch ships, now held in ports the world over through Holland's fear of Germany's threat to sink them if they venture out, will be brought into the service of the United States and Great Britain on March 18.

Unless the Netherlands Government braves the menace of Germany's pressure and voluntarily accepts an agreement under which the ships would be put in trade, the United States and Great Britain will take them over under International law, availing themselves of a sovereign right which Germany herself has hitherto exercised under the same authority.

Formal notice has been presented to The Hague by the American and British diplomatic representatives of the Allied Government's intentions. As a result, to-day the Netherlands Minister, August Phillips, acting under instructions of his Government, made a final and personal appeal to President Wilson to at least modify the decision.

The Associated Press is enabled to state that the President saw no reason for altering the decision, and unless the ships are turned by next Monday a presidential proclamation will be issued taking over the ships in American ports, of which there are about eighty. Many more, however, are in British or other Allied ports on the seven seas.

From the American official point of view, the action is one into which the Allied governments have been forced by the German duress of Holland, which may now see her ships in trade again, and can point out to Germany that they were taken through no will of her own.

Coming at a time when the dire need of the Allied cause is for ships, the acquisition of a million tons is of tremendous importance.

Every arrangement has been made for the compensation of the Netherlands for the ships. They will be insured and armed, and if any be lost, they will be replaced. Besides material compensation for their use, the United States will permit the export of breadstuffs and cattle foods, which Holland needs sorely for her own people, and in addition will restore the interrupted trade of Holland with her colonies by guaranteeing bunkers for her ships in that trade.

Under this arrangement, Holland still is left enough ships for her own needs, and has been notified that plentiful supplies of food await her if she sends bottoms to carry it. By this arrangement officials point out, further responsibility for food shortage in the Netherlands, if there be one, will rest on Germany, if continued threats coerce Holland into keeping her shipping in harbors.

American and Allied officials have no fear that the move will force Holland into the war.

Regulations to govern the shipments which are to be permitted to go to Holland were issued by the War Trade Board. All shipments not consigned to the Dutch Government itself must be consigned to the Netherlands Overseas Trust Company. Certificates obtained from the Overseas Trust by prospective importers in Holland must be forwarded to prospective exporters in this country, who in turn will apply to the War Trade Board's bureau of exports for a license.

Informally announced that the Holland-American liner Nieuwe Amsterdam had been released to sail from an American port to Holland with passengers and a cargo of food, the War Trade Board disclosed that a party of Dutch colonial officials who arrived on the Nieuwe Amsterdam en route for the East Indies were continuing their journey from a Pacific port on board the Dutch liner Oranje, whose departure also has been facilitated.

### WASTE OF FOOD FORBIDDEN.

Wilful waste of any food or food products, resulting from carelessness, manner of storage, or any other avoidable cause is now illegal and subject to heavy penalties. Municipalities are obligated to enforce this regulation within their respective municipal limits.

An Order-in-Council has been passed embodying these provisions which were initiated by the Canada food board and recommended to the cabinet council by the minister of agriculture.